

Uniform Application for Investment Advisor Registration

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	July 31, 2008
Estimated average burden hours per response.....	9.402

Name of Investment Advisor: Perritt Capital Management, Inc.						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
300 S. Wacker Drive, Suite 2880	Chicago	IL	60606	(312)	669-1650	

**This part of Form ADV gives information about the investment advisor and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are responsible to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1. A. Advisory Services and Fees. (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | | |
|-------------------------------------|---|-------|---|
| <input checked="" type="checkbox"/> | (1) Provides investment supervisory services | 100 | % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services | _____ | % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above..... | _____ | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | _____ | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above | _____ | % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | _____ | % |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on manner not involving securities | _____ | % |
| <input type="checkbox"/> | (8) Provides a timing service | _____ | % |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above | _____ | % |

(Percentages should be based on the applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?..... Yes No

C. Applicant offers investment advisory services for : (check those that apply)

- | | | | |
|-------------------------------------|--|--------------------------|-----------------------|
| <input checked="" type="checkbox"/> | (1) A percentage of assets under management | <input type="checkbox"/> | (4) Subscription fees |
| <input type="checkbox"/> | (2) Hourly charges | <input type="checkbox"/> | (5) Commissions |
| <input checked="" type="checkbox"/> | (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> | (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the advisor on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients – Applicant generally provides investment advice to : (check those that apply)

- | | | | |
|-------------------------------------|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | A. Individuals | <input checked="" type="checkbox"/> | E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> | B. Banks or thrift institutions | <input checked="" type="checkbox"/> | F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> | C. Investment companies | <input type="checkbox"/> | G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> | D. Pension and profit sharing plans | | |

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- A. Equity Securities
- (1) exchange-listed securities
- (2) securities traded over-the-counter
- (3) foreign issuers
- B. Warrants
- C. Corporate debt securities
(other than commercial paper)
- D. Commercial paper
- E. Certificates of deposit
- F. Municipal securities
- G. Investment company securities:
- (1) variable life insurance
- (2) variable annuities
- (3) mutual fund shares
- H. United States government securities
- I. Options contracts on:
- (1) securities
- (2) commodities
- J. Futures contracts on:
- (1) tangibles
- (2) intangibles
- K. Interests in partnerships investing in:
- (1) real estate
- (2) oil and gas interests
- (3) other (explain on Schedule F)
- L. Other (explain on Schedule F)

4. Methods of Analysis, Sources of Information, and Investment Strategies:

A. Applicant's security analysis methods include: (check those that apply)

- (1) Charting
- (2) Fundamental
- (3) Technical
- (4) Cyclical
- (5) Other (explain on Schedule F)

B. The main sources of information applicant uses include: (check those that apply)

- (1) Financial newspapers and magazines
- (2) Inspections of corporate activities
- (3) Research materials prepared by others
- (4) Corporate rating services
- (5) Timing services
- (6) Annual reports, prospectuses, filings with the Securities and Exchange Commission
- (7) Company press releases
- (8) Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- (1) Long term purchases
(securities held at least a year)
- (2) Short term purchases
(securities sold within a year)
- (3) Trading (securities sold within 30 days)
- (4) Short sales
- (5) Margin transactions
- (6) Option writing, including covered options, uncovered options or spreading strategies.
- (7) Other (explain on Schedule F)

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?
(if yes, describe these standards on Schedule F)

Yes No

6. Education and Business Background

For: Gerald Perritt, Michael Corbett, Robert Laatz and Samuel Schulz

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer or applicant or each person with similar status or performing similar functions.

On Schedule F give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including time spend on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliation (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading advisor.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 - (1) broker-dealer
 - (2) investment company
 - (3) other investment advisor
 - (4) financial planning firm
 - (5) commodity pool operator, commodity trading adviser or futures commission merchant
 - (6) banking or thrift institution
 - (7) accounting firm
 - (8) law firm
 - (9) insurance company or agency
 - (10) pension consultant
 - (11) real estate broker or dealer
 - (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?
(If yes, describe on Schedule F the partnerships and what they invest in.)

Yes No

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your Code of Ethics, and state that you will provide a copy of your Code of Ethics to any client or prospective client upon request

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account ? Yes No

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. For **reviews**, include their frequency, different levels, and triggering factors. For **reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F

12. Investment or Brokerage Discretion.

(A) Does the applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|---|-----------------------------|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) commission rates paid? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(B) Does applicant or a related person suggest brokers to clients?..... Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of the applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|--|------------------------------|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?..... | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? Yes No

Schedule F of Form ADV

Continuation Sheet for Form ADV Part II

Applicant: Perritt Capital Management, Inc.	SEC File Number: 801- 30378	Date: 09/22/2009
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV: Perritt Capital Management, Inc.	IRS Empl. Ident. No.: 36-3538651
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Item of Form (identify)	Answer
1.	<p>Perritt Capital Management, Inc. (“PCM”) was incorporated under the laws of the state of Illinois on July 7, 1987 and is wholly owned by Investment Information Services, Inc., a financial newsletter publishing company. PCM is engaged in the business of furnishing investment supervisory services to clients as to the investment of funds on the basis of the individual needs of each client. Services are provided on a discretionary basis, although PCM reserves the authority to consider a non-discretionary account under certain circumstances.</p> <p>PCM will invest client assets in common stocks, bonds and other marketable securities as well as securities issued by investment companies registered under the Investment Company Act of 1940 (“Mutual Funds”). An account management program may be selected by a client based on his/her specific investment requirements.</p> <p><u>Direct Investment Portfolios.</u> These individually tailored portfolios of stocks and bonds are assembled to achieve one of three investment strategies: Growth, Growth & Income, or Income.</p> <p><u>Mutual Fund Portfolios.</u> These portfolios use no-load mutual funds and/or Exchange Traded Index Funds to meet various growth and income objectives, and are ideal for those investors who prefer a greater level of asset diversification. The three main portfolios are the Global Growth Portfolio, the Income Plus Portfolio, and the All Weather Portfolio (an asset allocation portfolio which consists of mutual funds drawn from several investment categories including: Domestic Equities, International Equities, Gold, Domestic Bonds, International Bonds and Money Market Funds).</p> <p><u>Exchange Traded Funds (ETFs) Aggressive Growth Portfolios</u> These portfolios use Exchange Traded Index Mutual Funds to achieve long term growth of capital. These portfolios are best suited for investors who can tolerate above average risk and intend to invest for the longer term. The portfolios consist of a core investment in mid-cap, small-cap and large-cap index funds which represents approximately one-half of portfolio assets. The balance of the portfolio may be invested in industry sector index funds, international index funds and market segment index funds. The allocations to sector index funds are determined by financial, market and economic conditions.</p> <p>Management fees are billed one quarter in advance based on the portfolio’s market value on the last day of the previous quarter. The standard fee schedule for the portfolios is as follows:</p> <p style="padding-left: 40px;">Up to \$3 million ----- 0.25% Quarterly Amounts Beyond \$3 million ----- 0.20% Quarterly</p> <p>Management fees are negotiable.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV

Continuation Sheet for Form ADV Part II

Applicant: Perritt Capital Management, Inc.	SEC File Number: 801- 30378	Date: 09/22/2009
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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV: Perritt Capital Management, Inc.	IRS Empl. Ident. No.: 36-3538651
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Item of Form (identify)	Answer
1. continued	<p>Depending on the portfolio and investment objective chosen by the client, PCM selects investments it considers to be appropriate. Client accounts are actively managed, therefore, the composition of the account will change from time to time as PCM deems necessary in order to achieve the investment objective for the client.</p> <p>At times, for temporary defensive purposes when warranted by general economic and financial conditions, PCM may invest all or a portion of a client's assets directly in money market mutual funds or other short-term investments regardless of the portfolio or objective selected by the client. For those portfolios with mutual funds, this defensive posture may be in addition to the defensive postures assumed by mutual funds in a client's portfolio.</p> <p>The investment philosophy of PCM is to avoid excessive charges and portfolio turnover in client accounts. This practice translates into lower brokerage fees and transactions costs. For the mutual fund portfolios, PCM will invest a client's assets primarily in no-load mutual funds although PCM reserves the authority to invest in mutual funds charging loads or redemption fees if investments in such mutual funds are believed to be in the best interests of the clients despite the additional charges.</p> <p>PCM primarily invests in no-load mutual funds through Charles Schwab & Company, Fidelity Investments and TD Ameritrade. There may be transaction fees associated with trading funds through these brokerage firms.</p> <p>PCM does not manage investment advisory accounts under circumstances not involving investment supervisory services, nor does it issue periodic publications relating to securities on a subscription basis, nor prepare or issue special reports or analyses relating to securities which are not part of its investment supervisory services, nor prepare any charts, graphs, formulas or other devices which clients may use to evaluate securities, nor furnish advice to clients on any matters not involving securities other than on an incidental basis, nor furnish investment advice in any other manner not described herein.</p> <p>Upon termination by either party, the effective date of termination shall be used as the basis for determining the final charge for investment services rendered and the portion of the prepaid fees to be refunded. Fees will be prorated on a daily basis to the termination date (based on the following ratio: Number of days in the quarter prior to termination to the total number of days in the quarter) and any unearned fees will be promptly refunded to the client.</p> <p>PCM provides clients five business days after signing the Investment Advisory Agreement during which client, with written notice to PCM, may terminate the agreement and receive a full refund.</p> <p><u>Perritt MicroCap Opportunities Fund.</u> This is an open-end no-load mutual fund which will invest primarily in small company growth stocks with market capitalization of less than \$ 500 million at the time of initial purchase. The Fund's advisor is PCM. The Fund became effective May 2, 1988. As compensation, PCM is entitled to an annual advisory fee of 1.0% of the average net assets.</p> <p><u>Perritt Emerging Opportunities Fund.</u> This is an open-end no-load mutual fund which will invest primarily in small company growth stocks with market capitalization of less than \$ 300 million at the time of initial purchase. The Fund's advisor is PCM. The Fund became effective August 20, 2004. As compensation, PCM is entitled to an annual advisory fee of 1.25% of the average net assets up to \$100 million, 1.00% of average net assets above \$100 million and less than or equal to \$200 million and 0.5% on average net asset in excess of \$200 million.</p>

Schedule F of Form ADV

Continuation Sheet for Form ADV Part II

Applicant:

Perritt Capital Management, Inc.

SEC File Number:

801- 30378

Date:

09/22/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:

Perritt Capital Management, Inc.

IRS Empl. Ident. No.:

36-3538651

Item of Form (identify)	Answer
1. continued	PCM does not employ a formal investment committee. Dr. Gerald Perritt and Michael Corbett determine which assets are to be included in each client portfolio.
4. B (8)	PCM utilizes Capital IQ which is a data base for financial analysis and performance tracking. PCM also utilizes a Standard & Poor's data base providing research for equity securities and mutual funds. PCM also utilizes Morningstar's data base of mutual funds.
5.	The minimum requirements of employees of PCM involved in determining or giving investment advice to clients are an undergraduate degree in business administration by an accredited college or university or at least four years of business experience in the financial services industry.
6.	<p>Dr. Gerald W. Perritt is President, Chief Executive Officer and director of PCM and Vice President of the Perritt MicroCap Opportunities Fund and the Perritt Emerging Opportunities Fund. He is a majority shareholder of Investment Information Services, Inc., which owns all of the issued and outstanding capital stock of PCM. Dr. Perritt was born in 1942 and received his undergraduate degree in mathematics from Ohio University, his MBA from Xavier University and a Doctorate in Business Administration from The University of Kentucky in 1974. After a ten-year college teaching career, Dr. Perritt became the first executive director of the American Association of Individual Investors ("AAII") and editor of the <u>AAII Journal</u> in 1981. He resigned his position with AAII in 1983 to start his own company, Investment Information Services, Inc. ("IIS"), a financial newsletter publishing company.</p> <p>In addition to his position with PCM, Dr. Perritt is President of IIS. His activities within the financial community include various speaking engagements and seminars to both individual and professional audiences, frequent radio and financial-related television appearances and press interviews. He has recently held the position of "Distinguished Professor of Finance" in the business school of Saint Leo University located in Saint Leo, Florida. He was also a columnist for <u>Forbes</u> magazine, and has served on the Illinois Security Department's advisory board.</p> <p>Michael J. Corbett has served as Senior Securities Analyst of PCM since October 1989 and is President of the Perritt MicroCap Opportunities Fund, and Vice President and Secretary of IIS, Inc. He is also President of the Perritt Emerging Opportunities Fund Inc. He is also the firm's Chief Investment Officer (CIO). Mr. Corbett has been a contributing columnist to several investment books and newsletters, including <u>The Mutual Fund Encyclopedia</u> and <u>The Mutual Fund Letter</u>. In addition, his knowledge of the financial markets, small-cap stocks in particular, has gained him accolades in the financial industry as Mr. Corbett is regularly quoted in the financial press. Mr. Corbett was born in 1965 and has a Bachelor of Science degree in finance from DePaul University in Chicago, Illinois.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV: Perritt Capital Management, Inc.		IRS Empl. Ident. No.: 36-3538651
Item of Form (identify)	Answer	
6. continued	<p>Robert A. Laatz is Secretary and Chief Compliance Officer of Perritt Capital Management. He has been employed by PCM since 1997 and has served as the firm's Compliance Officer since 1998. He is Vice President of the Perritt MicroCap Opportunities Fund and the Perritt Emerging Opportunities Fund. Mr. Laatz has served as Chief Compliance of both funds since September 30, 2004. Mr. Laatz was born in 1944 and attended the University of Illinois.</p> <p>Samuel J. Schulz is Vice President and Chief Financial Officer of Investment Information Services and Perritt Capital Management. He is also Vice President and Treasurer of the Perritt MicroCap Opportunities Fund and the Perritt Emerging Opportunities Fund. Born in 1941, Mr. Schulz earned his Master Degrees in Business Administration, Finance and Taxation at Florida International University. A Certified Public Accountant with over thirty years experience in corporate finance Mr. Schulz joined the Perritt companies in 2004 as a securities analyst and assumed his current duties one year later.</p>	
8.	PCM is a wholly owned subsidiary of Investment Information Services, Inc. Dr. Gerald W. Perritt, president of PCM, is the majority shareholder of Investment Information Services. Michael Corbett is also a beneficial shareholder of IIS. PCM also acts as the investment advisor to the Perritt MicroCap Opportunities Fund and the Perritt Emerging Opportunities Fund, registered investment companies.	
9.	<p>PCM may invest in securities recommended to clients. In addition, employees of PCM may invest, in their own accounts, in securities recommended to clients. PCM may recommend purchase of shares of the Perritt MicroCap Opportunities Fund and the Perritt Emerging Opportunities Fund for its clients. To guard against abuses, all employees of PCM must provide PCM with a quarterly record of all transactions made by such employees during the preceding quarter. In no event shall PCM employees invest in or sell securities for their own accounts immediately prior to investing in or selling securities for its clients. To avoid any double billing of fees, PCM will not directly charge its clients a fee for any of their portfolios' investments in the Perritt MicroCap Opportunities Fund and the Perritt Emerging Opportunities Fund.</p> <p>Perritt Capital Management, Inc. (the "Adviser") has adopted a code of ethics that applies to any officer, director or employee of the Adviser, or other person who provides investment advice on behalf of the Adviser and is subject to the Adviser's supervision and control (collectively, "Supervised Persons"). The code of ethics imposes restrictions on personal securities transactions by Supervised Persons to help avoid any actual or potential conflict of interest or any abuse of an individual's position of trust or responsibility. Among other restrictions, and subject to certain exceptions, a Supervised Person (1) who has access to nonpublic information regarding any purchase or sale of securities by a client account managed by the Adviser, (2) who has nonpublic information regarding the portfolio holdings of any investment company for which the Adviser serves as an investment adviser or (3) who is involved in making securities recommendations to client accounts managed by the Adviser, may not purchase or sell, directly or indirectly, any security in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership and which to his or her actual knowledge at the time of such purchase or sale is being considered for purchase or sale by a client account managed by the Adviser or an investment company for which the Adviser serves as the investment adviser.</p>	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:

Perritt Capital Management, Inc.

IRS Empl. Ident. No.:

36-3538651

Item of Form (identify)	Answer
	<p>The code of ethics also requires all Supervised Persons to act in an honest and ethical manner and to comply with all applicable laws, rules and regulations of federal, state and local governments, including all federal securities laws. Consistent with their fiduciary responsibilities to the client accounts managed by the Adviser and any investment companies for which the Adviser acts as the investment adviser, all Supervised Persons must place the interests of these accounts and investment companies before their own personal interests. All Supervised Persons must report any violations of the code promptly to the Adviser's Chief Compliance Officer.</p> <p>The Adviser will provide a copy of the code of ethics to any client or prospective client upon request.</p>
10.	PCM's minimum account value for all portfolios is \$500,000. However, the firm reserves the authority to waive this minimum under certain circumstances.
11.a.	PCM has a policy whereby the accounts of its clients are continuously reviewed. With regard to the mutual fund portfolios, individual mutual funds are selected based on their investment philosophy and their degree of success compared to other funds with similar philosophies. The mutual funds are continuously reviewed in relation to their relative success in achieving their objectives. With regard to the direct investment portfolios, stocks, bonds and other investments are constantly monitored, and purchases and sales are made in order to maximize growth or income while minimizing risk and potential losses. After the initial investments are made, the timing of the reviews is normally dependent upon changes in investment philosophy on the part of the fund or on the part of the client or whenever there are significant changes either anticipated or experienced in the investment environment. All portfolios are personally supervised by Dr. Gerald W. Perritt, President, and/or Michael Corbett, Vice President, who maintain close contact throughout the trading day with the financial markets.
11.b.	At least once each quarter, a current valuation of the assets in a client's portfolio is distributed to clients. All clients also receive detailed quarterly statements of their account. These statements disclose the nature and type of securities in the account, current market values and return information. PCM may provide additional reports as may be agreed upon by the client and PCM from time to time.
12.	PCM may recommend custodians to clients, although clients are free to select the custodian of their choice. The custodians recommended by PCM may be brokerage firms with which PCM may direct brokerage business. In addition, PCM has the authority under its client/advisor relationship to determine which securities are purchased or sold and the total amount thereof. However, in making these portfolio investment decisions, PCM is guided by the general guidelines, which are established at the inception of the client/advisor relationship.

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:
Perritt Capital Management, Inc.IRS Empl. Ident. No.:
36-3538651

Item of Form (identify)	Answer
12. continued	<p>It is the policy of PCM to seek the best price and best possible execution with respect to each portfolio transaction for a client account in light of the overall quality of the brokerage and research services provided, as described more fully below. The best price means the best net price (namely, the price after giving effect to commissions). PCM obtains copies of best execution policies from Broker/Dealers that execute trades on behalf of PCM clients.</p> <p>PCM generally has the authority in its client/advisor relationship to determine the brokers or dealers to be used to effect portfolio transactions for client accounts. PCM primarily utilizes the services of Charles Schwab & Co., TD Ameritrade, Fidelity Investments and Smith Barney for its client accounts. However, a client may prefer to use the services of another broker, and should a client request the service of a specific broker, PCM will direct all such client trades to the requested broker. The direction of client transactions to a specific broker can limit or eliminate PCM's ability to negotiate the best price and obtain the best possible execution.</p> <p>In selecting a broker to execute portfolio transactions for client accounts, PCM considers a variety of factors, including best price and execution, and research services, if any, provided by the broker. The research and research services provided by brokers include (a) furnishing advice as to the value of securities, the advisability of investing, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities and (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends and portfolio strategy. In selecting brokers and determining the reasonableness of their commissions, PCM also considers its evaluation of the broker's efficiency in executing and clearing transactions, block trading capability (including the broker's willingness to position securities) and the broker's financial strength and stability. The receipt of products or services other than brokerage or research and research services is not a factor in selecting a broker.</p> <p>In order to avoid any conflict of interest between PCM's need to obtain research and research services and the interest of PCM's clients in paying the best price and obtaining the best possible execution, PCM has discontinued its participation in any arrangements where PCM uses client commission dollars to pay for research and research services from brokers ("soft dollars"). Future expenses for research and research services, previously paid for by soft dollars will be borne, in their entirety, by PCM. As a result of this decision, PCM's client accounts will not pay a broker who supplies brokerage and research and research services a commission for effecting a transaction in excess of the amount of commission another broker not supplying research or research services would have charged for effecting the same transaction. The research and research services that PCM purchases may be used in relation to all PCM accounts.</p>

Schedule F of Form ADV

Continuation Sheet for Form ADV Part II

Applicant:
Perritt Capital Management, Inc.

SEC File Number:
801- 30378

Date:
09/22/2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:
Perritt Capital Management, Inc.

IRS Empl. Ident. No.:
36-3538651

Item of Form (identify)	Answer
12. continued	<p>When a situation occurs where the firm is purchasing or selling the same security for two or more clients at the same brokerage firm at the same time, a trade will be done as a block trade and allocated to each account after the trade is completed. If no master account is available through the brokerage firm, trades will be placed in each account on a fair and equitable basis using other tools such as price limits. Due to the illiquid nature of some securities in the micro and small-cap space, block trades may not get filled. When such a situation arises it may fall upon the portfolio manager to modify the allocation schedule in a fair and unbiased manner. At certain times some clients may not receive any shares or a smaller amount of shares than the original allocation schedule dictated. The portfolio manager will make a best effort to ensure that this rarely occurs and that when it does the effects to clients are mitigated over time.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

Schedule F of Form ADV

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Applicant:
Perritt Capital Management, Inc.

SEC File Number:
801- 30378

Date:
09/22/2009

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I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:
Perritt Capital Management, Inc.

IRS Empl. Ident. No.:
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Item of Form (identify)	Answer
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Complete amended pages in full, circle amended items and file with execution page (page 1).